

HOUSE BILL 2077

By Fitzhugh

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 4, relative to credits against sales and use
tax liability and franchise and excise tax liability.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, Part 21, is amended by
adding the following as a new, appropriately designated section:

67-4-21__.

(a) For purposes of this section:

(1) "Commissioner" means the commissioner of revenue;

(2) "Qualified company" means any corporation, partnership,
limited liability company, cooperative, or other business entity that meets
the requirements of this section, and that:

(A) Incurs at least five hundred thousand dollars
(\$500,000) in expenditures that are necessary for the expansion
of the company, including its facilities, buildings, or offices, in any
county in this state with an unemployment rate in excess of five
percent (5%); or

(B) Incurs at least five hundred thousand dollars (\$500,000) in
expenditures that are necessary for the relocation of the company, or its
headquarters, offices or employees, to any county in this state with an
unemployment rate in excess of five percent (5%); provided, that the company is
relocating to the county from outside this state.

(b) Any qualified company shall be entitled to a credit against the sum total of sales and use taxes imposed by chapter 6 of this title, or taxes imposed by this part, and by the Excise Tax Law of 1999, compiled in part 20 of this chapter, in an amount equal to thirty percent (30%) of the company's total expenditures resulting from the company's expansion or relocation to any county in this state with an unemployment rate in excess of ten percent (10%); provided, that the amount of the credit authorized by this subsection (b) shall be equal to the following amounts listed in subdivisions (1) - (3) for any company that expands or relocates to counties with unemployment rates between five percent (5%) and ten percent (10%):

(1) A credit equal to twenty-five (25%), for counties with unemployment rates between eight percent (8%) and ten percent (10%);

(2) A credit equal to twenty percent (20%), for counties with unemployment rates between six percent (6%) and eight percent (8%);
and

(3) A credit equal to fifteen (15%), for counties with unemployment rates between five percent (5%) and six percent (6%).

(c) To qualify for the credit authorized by this section, the company shall submit an application or any business plan in the form and manner prescribed by the commissioner. The determination of a county's unemployment rate shall be based on the last completed calendar year and any available statistics reported by the department of labor and workforce development.

(d) The credit may be used to offset up to one hundred percent (100%) of the qualified company's sales and use tax liability or franchise and excise tax liability in a single tax year; provided, that it may be allowed in the tax year in

which the credit originated or, if unused in the initial tax year, it may be carried forward in any subsequent tax year for a period of up to ten (10) years.

(e) The commissioner is authorized to promulgate rules to effectuate the purposes of this section in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.